

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

CALIFORNIA CODE OF REGULATIONS TITLE 16. Professional and Vocational Regulations DIVISION 1. Board of Accountancy Regulations

ARTICLE 12. CONTINUING EDUCATION (Sections 80 - 94)

Section 80. Inactive License Status.

Upon application, a licensee may have his/her license placed in an inactive status.

(a) The holder of an inactive license shall not engage in the practice of public accountancy as defined in Section 5051 of the Business and Professions Code. This section does not prohibit a holder of an inactive license from receiving a share of the net profits from a public accounting firm or other compensation from a public accounting firm, provided that the licensee does not otherwise engage in the practice of public accountancy, directly or indirectly.

(b) An inactive license shall be renewed during the same time period in which an active license is renewed. The renewal fee for a license in active status shall also apply for the renewal of a license in inactive status.

(c) The continuing education requirements set forth in Section 87 are not applicable at the time of renewal in inactive status.

(d) At the time of renewal, the holder of an inactive license may convert his or her license to active status by paying the renewal fee and complying with the continuing education requirements as stated in Section 87.

(e) The holder of an inactive license may convert to active status prior to his/her next renewal by meeting the continuing education requirements as stated in Section 87.1.

NOTE: Authority cited: Sections 462 and 5010, Business and Professions Code. Reference: Section 462, Business and Professions Code.

HISTORY:

1. New section filed 3-28-96; operative 7-1-96 (Register 96, No. 13).
2. Amendment of subsection (a) filed 6-17-98; operative 7-1-98 pursuant to Government Code Section 11343.4(d) (Register 98, No. 25).

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Section 87. Basic Requirements.

(a) 80 Hours.

As a condition of active status license renewal, a licensee shall complete at least 80 hours of qualifying continuing education as described in Section 88 in the two-year period immediately preceding license expiration, and meet the reporting requirements specified in subsection (a) of Section 89. A licensee engaged in the practice of public accountancy as defined in Section 5051 of the Business and Professions Code is required to hold a license in active status. No carryover of continuing education is permitted from one two-year license renewal period to another.

(b) Government Auditing Continuing Education Requirement.

A licensee who engages in planning, directing, conducting substantial portions of field work, or reporting on financial or compliance audits of a governmental agency shall complete 24 of the 80 hours required pursuant to subsection (a) in the areas of governmental accounting, auditing or related subjects. This continuing education shall be completed in the same two-year license renewal period as the report is issued. A governmental agency is defined as any department, office, commission, authority, board, government-owned corporation, or other independent establishment of any branch of federal, state or local government. Related subjects are those which maintain or enhance the licensee's knowledge of governmental operations, laws, regulations or reports; any special requirements of governmental agencies; subjects related to the specific or unique environment in which the audited entity operates; and other auditing subjects which may be appropriate to government auditing engagements. A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (c).

(c) Accounting and Auditing Continuing Education Requirement.

A licensee who engages in planning, directing, performing substantial portions of the work, or reporting on an audit, review, compilation, or attestation service, shall complete 24 hours of the 80 hours of continuing education required pursuant to subsection (a) in the course subject matter specified in this subsection. Course subject matter must pertain to financial statement preparation and/or reporting (whether such statements are prepared on the basis of generally accepted accounting principles or other comprehensive bases of accounting), auditing, reviews, compilations, industry accounting, attestation services, or assurance services. This continuing education shall be completed in the same two-year license renewal period as the report is issued. If no report is issued because the financial statements are not intended for use by third parties, the continuing education shall be completed in the same two-year license renewal period as the financial statements are submitted to the client.

(d) A licensee who must complete continuing education pursuant to subsections (b) and/or (c) of this section shall also complete an additional eight hours of continuing education specifically related to the detection and/or reporting of fraud in financial statements. This continuing education shall be part of the 80 hours of continuing education required by subsection (a), but shall not be part of the continuing education required by subsection (b) or (c). This requirement applies to licensees who renew their licenses on or after July 1, 2005.

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(e) New Licensees.

(1) A licensee receiving an initial CPA license from the California Board of Accountancy shall be required to complete 20 hours of continuing education as described in Section 88 for each full 6 month interval in the initial license period as a condition of active status license renewal.

(2) A licensee engaged in governmental auditing as described in subsection (b) at any time during the initial license period shall complete 6 hours of governmental continuing education as described in subsection (b) as part of each 20 hours of continuing education required for active status license renewal.

(3) A licensee who provides audit, review, compilation, or attestation services as described in subsection (c) at any time during the initial license period shall complete 6 hours of accounting and auditing continuing education as described in subsection (c) as part of each 20 hours of continuing education required for active status license renewal.

(4) If the initial license period is less than 6 full months, there is no continuing education required for license renewal.

(f) Out-of State Licensees.

Any person who applies to the Board for a certified public accountant certificate under the provisions of Section 5087, may obtain the Board's approval to engage in the practice of public accountancy under the provisions of Section 5088 subject to the applicant having completed 80 hours of qualifying continuing education within the preceding two (2) years. The Board reserves the right to verify the applicant's continuing education. If a CPA certificate is granted by the California Board of Accountancy, the provisions of subsection (d) shall apply.

(g) Failure to Comply.

A licensee's willful failure to comply with the requirements of this section shall constitute cause for disciplinary action pursuant to Section 5100(g) of the Accountancy Act.

NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Sections 5026, 5027, 5028, 5051 and 5088, Business and professions Code.

HISTORY:

1. Amendment filed 12-24-75; effective thirtieth day thereafter (Register 75, No. 52).
2. Amendment filed 4-12-83; effective thirtieth day thereafter (Register 83, No. 16).
3. Amendment of subsections (a)-(c) and (e) filed 6-26-90; operative 7-26-90 (Register 90, No. 35).
4. Amendment of subsection (b)-(d) filed 8-4-95, operative 9-3-95 (Register 95, No. 31).
5. Amendment of Subsection (a) and repealer of subsection (e) filed 3-28-96; operative 7-1-96 (Register 96, No. 13).
6. Editorial correction of subsection (d) (Register 96, No. 16).
7. Amendment filed 6-17-98; operative 7-1-98 pursuant to Government Code section 11343.4(d) (Register 98, No. 25).

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8. Amendment of subsections (a), (d) and (e) filed 5-9-2000; operative 6-8-2000 (Register 2000, No. 19).

9. Amendment of subsection (c) filed 2-18-2003; operative 3-20-2003 (Register 2003, No. 8).

10. New subsection (d), subsection relettering and redesignation of portions of subsection (e) as new subsections (e)(1)-(4) filed 7-19-2004; operative 8-18-2004 (Register 2004, No. 30).

Section 87.1. Conversion to Active Status Prior to Renewal.

(a) A licensee who has renewed his/her license in inactive status may convert to active status prior to the next license expiration date by (1) completing 80 hours of continuing education credit as described in Section 88, including the professional conduct and ethics course described in Section 87.7, in the 24 month period prior to converting to active status; (2) applying to the board in writing to convert to active status; and (3) completing any continuing education that is required pursuant to subsection (j) of Section 89. The licensee may not practice public accounting until the application for conversion to active status has been approved.

(b) A licensee who, during the 24 months prior to converting to active status, planned, directed, or conducted substantial portions of field work, or reported on financial or compliance audits of a governmental agency shall complete 24 hours of continuing education in governmental accounting and auditing as described in Section 87(b) as part of the 80 hours of continuing education required to convert to active status under subsection (a).

(c) A licensee who, during the 24 months prior to converting to active status, planned, directed, or performed substantial portions of the work or reported on an audit, review, compilation, or attestation service shall complete 24 hours of continuing education in accounting and auditing as described in Section 87(c) as part of the 80 hours of continuing education required to convert to active status under subsection (a).

(d) A licensee who must complete continuing education pursuant to subsections (b) and/or (c) of this section shall also complete an additional eight hours of continuing education specifically related to the detection and/or reporting of fraud in financial statements. This continuing education shall be part of the 80 hours of continuing education required by subsection (a), but shall not be part of the continuing education required by subsections (b) or (c). This requirement applies to licensees who convert to active status on or after July 1, 2005.

(e) Once converted to active status, the licensee must complete 20 hours of continuing education as described in Section 88 for each full 6 month period from the date of conversion to active status to the next license expiration date in order to fulfill the continuing education requirement for license renewal. If the time period between the date of change to active status and the next license expiration date is less than 6 full months, no additional continuing education is required for license renewal.

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(f) Once converted to active status, a licensee who engages in financial or compliance auditing of a governmental agency at any time between the date of conversion to active status and the next license expiration date shall complete 6 hours of governmental continuing education as part of each 20 hours of continuing education required under subsection (d). Continuing education in the areas of governmental accounting and auditing shall meet the requirements of Section 87(b).

(g) Once converted to active status, a licensee who engages in audit, review, compilation, or attestation services at any time between the date of conversion to active status and the next license expiration date shall complete 6 hours of continuing education in accounting and auditing as part of each 20 hours of continuing education required under subsection (d). Continuing education in the areas of accounting and auditing shall meet the requirements of Section 87(c).

NOTE: Authority cited: Sections 5010 and 5027, Business and Professions Code. Reference: Section 5028, Business and Professions Code.

HISTORY:

1. New section filed 7-5-90; operative 7-26-90 (Register 90, No. 36).
2. Amendment of section heading and repealer of subsection (b) filed 6-23-93 as an emergency; operative 6-23-93 (Register 93, No. 26).
3. Certificate of Compliance as to 6-23-93 order transmitted to OAL 10-18-93 and filed 12-1-93 (Register 93, No. 49).
4. New opening paragraph, amendment of subsection (a) and new subsection (b) filed 10-6-94; operative 11-7-94 (Register 94, No. 40).
5. Change without regulatory effect amending subsection (b) filed 12-28-94 (Register 94, No. 52).
6. Amendment of section heading and section filed 3-28-96, operative 7-1-96 (Register 96, No. 13).
7. Amendment filed; operative January 1, 1997.
8. Amendment of first paragraph filed 6-16-97; operative 6-30-97 pursuant to Government Code Section 11343.4(d) (Register 97, No. 25).
9. Amendment filed 6-17-98; operative 7-1-98 pursuant to Government Code Section 11343.4(d) (Register 98, No. 25).
10. Amendment of section heading and section filed 5-9-2000; operative 6-8-2000 (Register 2000, No. 19).
11. Change without regulatory effect amending subsection (a) filed 7-12-2000 pursuant to section 100, title 1, California Code of Regulations (Register 2000, No. 28).
12. New subsection (d), subsection relettering and amendment of newly designated subsections (f) and (g) filed 7-19-2004; operative 8-18-2004 (Register 2004, No. 30).

Section 87.5. Additional Continuing Education Requirements.

(a) Following an investigation or hearing conducted pursuant to Business and Professions Code Section 5103 the Board or its designee may order a licensee to:

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(1) Complete one or more hours of continuing education not to exceed 80 hours in addition to the 80 hours qualifying continuing education required by Section 87, subsection (a), prior to permit renewal, which will contribute to the licensee's professional competence.

(2) Complete one or more of the 80 hours of qualifying continuing education required by Section 87, subsection (a), or one or more of the hours ordered pursuant to subsection (a)(1) of this section, in a designated course of study which will contribute to the licensee's professional competence.

(3) Complete one or more of the 80 hours of qualifying continuing education required by Section 87, subsection (a), or one or more hours ordered pursuant to this section, by a specified date. Such date may be extended by the Board or its designee.

(b) Failure of a licensee to comply with an order by the Board or its designee made pursuant to this section constitutes cause for disciplinary action under Section 5100 of the Business and Professions Code.

NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Sections 5026, 5027, 5028, and 5103, Business and Professions Code.

HISTORY:

1. New section filed 4-28-89; operative 5-28-89 (Register 89, No. 18).
2. Amendment of Subsections (a), (a)(3) and (b) and amendment of NOTE filed 6-17-98; operative 7-1-98 pursuant to Government Code Section 11343.4(d) (Register 98, No. 25).
3. Change without regulatory effect amending subsection (a) and Note filed 11-15-2005 pursuant to section 100, title 1, California Code of Regulations (Register 2005, No. 46).

Section 87.6. Records Review Continuing Education Requirements.

(a) The Report Quality Monitoring Committee is a committee appointed by the Board. This committee's functions include the review of financial reports selected under Section 89.1 to monitor and promote compliance with applicable accounting principles and reporting standards. The Report Quality Monitoring Committee may order a licensee to:

(1) Complete one or more of the 80 hours of qualifying continuing education required by Section 87(a) in a designated course of study which will contribute to the licensee's professional competence.

(2) Complete one or more of the 80 hours of qualifying continuing education required by Section 87(a) or 87.6(a)(1) by a specified date. Such date may be extended by the committee.

(b) Failure of a licensee to comply with an order by the committee made pursuant to this section constitutes cause for disciplinary action under Section 5100 of the Business and Professions Code.

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NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Sections 5024, 5026, 5027 and 5028, Business and Professions Code.

HISTORY:

1. New section filed 4-28-89; operative 5-28-89 (Register 89, No. 18).
2. Editorial correction inserting inadvertently omitted subsection (b), Note and History 1 (Register 95, No. 50).
3. Editorial correction of subsection (a)(2) (Register 97, No. 25).
4. Amendment of subsection (a) and Note filed 6-16-97; operative 6-30-97 pursuant to Government Code Section 11343.4(d) (Register 97, No. 25).

Section 87.7. Continuing Education in the Accountancy Act, Board Regulations, and Other Rules of Professional Conduct.

(a) In order to renew a license in an active status a licensee shall, within the six years preceding the license expiration date, complete a continuing education course on the provisions of the Accountancy Act and the Board of Accountancy Regulations, application to current practice, and other rules of professional conduct. Such course shall be approved by the Board prior to the licensee receiving continuing education credit for the course and shall be a minimum of 8 hours.

(b) The operative date for this regulation is based on the last two digits of the license number according to the following schedule: for license numbers ending with 01-33 the operative date is January 1, 1998, for license numbers ending with 34-66 the operative date is January 1, 2000, for license numbers ending with 67-00 the operative date is January 1, 2002.

(c) Course providers shall apply to the Board for approval of the course specified in Subsection (a), on Form CE-PCE-1 (9/96), Professional Conduct and Ethics Application for Course Approval. The term of approval shall be for a two (2) year period. The Board may cancel its approval during this two year period if the Board determines that the course fails to meet the criteria specified in this Subsection. Approval shall be based on the following criteria:

(1) The course shall be a formal educational program that meets the requirements set forth in Sections 88, 88.1, and 88.2.

(2) The course shall have written educational goals and specific learning objectives, as well as a syllabus which provides a general outline, instructional objectives and a summary of topics for the course. A copy of the educational goals, learning objectives and course syllabus shall be submitted by the provider with the approval application.

(3) The course shall provide participants with the current California Accountancy Act and California Board of Accountancy Regulations (or summary thereof).

(4) Any self-study course shall require a 90 percent passing score on a test given at the conclusion of the course. The test shall be submitted along with the course materials for approval.

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(5) A certificate of completion which includes the provider approval number shall be issued to each licensee who has satisfactorily completed the course.

(6) The course content shall include the following:

(A) A review and update of the current California Accountancy Act and the Board of Accountancy Regulations.

(B) Information which will provide an understanding of how the Statutes, Regulations and cases relate to current practice situations.

(C) A review of nationally recognized Codes of Professional Conduct as they relate to professional responsibility.

(D) A discussion of recent relevant cases on ethics and professional responsibilities for the accounting profession.

(E) A bibliography of recent publications and cases on professional conduct and ethics for the accounting profession.

(d) Upon receiving approval from the Board, the provider of the Professional Conduct and Ethics course required in Subsection (a) may represent the course in promotional materials as being approved by the Board during the term of approval.

(e) On a random basis established by the Board or at the Board's request or in response to complaints about a particular course, the Board may review the records of a provider to ensure compliance with the criteria specified in this Section. Within 15 days of receipt of written notification, the provider shall submit or make available to the Board all material deemed necessary by the Board to determine whether the course complies. The Board may cancel its approval for a course found not to be in compliance.

(f) Approved course providers may allow a secondary provider to present their course through a site license, contractual arrangement, or other type of agreement.

(g) For every course presentation, including any made by a secondary provider, organization or party, the original approved provider (primary provider) who entered into the approval agreement with the California Board of Accountancy shall:

(1) Retain a written outline of the course and completion records to reflect the actual participant attendance, or in the case of self-study courses, passing test scores of 90 percent or higher. The retention period shall be eight years.

(2) Ensure that all participants who complete the course receive a certificate of completion, including all information specified in Section 89(b). If a secondary provider presented the course, the certificate shall identify both the primary and secondary providers.

(3) Be responsible for the quality and content of the course by requiring and ensuring that the course be presented only by qualified instructors and/or discussion leaders, and that presentations always include all components and content areas represented in the approval application.

(4) Periodically update course content to reflect current laws, regulations, case law decisions and standards of practice.

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NOTE: Authority cited: Sections 5010 and 5027, Business and Professions Code. Reference: Section 5027, Business and Professions Code.

HISTORY:

1. New section operative January 1, 1997.
2. Amendment of section heading and subsections (c)(1), (c)(4) and (c)(5) and new subsections (f)-(g)(4) filed 5-9-2000; operative 6-8-2000 (Register 2000, No. 19).

Section 88. Programs Which Qualify.

(a) The overriding consideration in determining whether a specific program qualifies as acceptable continuing education is that it be a formal program of learning which contributes directly to the professional competence of a licensee in public practice. It is the obligation of each licensee to select a course of study, consistent with the requirements of this section and Sections 88.1 and 88.2, which will contribute directly to his or her professional competence.

(1) Licensees who renew their licenses after July 1, 2001, shall complete a minimum of 50 percent of the required continuing education hours in the following subject areas: accounting, auditing, taxation, consulting, financial planning, professional conduct as defined in Section 87.7, computer and information technology (except for word processing), and specialized industry or government practices that focus primarily upon the maintenance and/or enhancement of the public accounting skills and knowledge needed to competently practice public accounting.

(2) Licensees who renew their licenses after July 1, 2001, may claim no more than 50 percent of the required number of continuing education hours in the following subject areas: communication skills, word processing, sales, marketing, motivational techniques, negotiation skills, office management, practice management, and personnel management.

(3) Programs in the following subject areas are not acceptable continuing education: personal growth, self-realization, spirituality, personal health and/or fitness, sports and recreation, foreign languages and cultures and other subjects which will not contribute directly to the professional competence of the licensee.

(4) A formal program of learning is an instructional activity that meets the requirements of Sections 88.1 and 88.2 or a course for which academic credit is granted by a university, college, or other institution of learning accredited by a regional or national accrediting agency.

(b) The following types of live presentation programs are deemed to qualify as acceptable continuing education provided the standards outlined in Section 88(a), Section 88.1, and Section 88.2 are maintained.

- (1) Professional development programs of national and state accounting organizations.
- (2) Technical session at meetings of national and state accounting organizations and their chapters which are designed as formal educational programs.
- (3) University or college courses:

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(i) Credit courses--each semester hour credit shall equal 15 hours toward the requirement. Each quarter hour credit shall equal 10 hours.

(ii) Non credit courses--each classroom hour will equal one qualifying hour.

(4) Other formal educational programs provided the program meets the required standards.

(c) Group Internet-Based Programs (Webcast): Programs that enable a licensee to participate from a computer in an interactive course presented by a live instructor at a distant location are qualifying, provided the program is based upon materials specifically developed for instructional use and meets the requirements of Section 88 (a), Section 88.1 and Section 88.2.

(d) Formal correspondence or other individual study programs are qualifying provided the program is based on materials specifically developed for instructional use and meets the requirements of Section 88(a), Section 88.1, and Section 88.2, and the licensee receives a passing score. Self-study modules for national examinations that contribute to the professional competency of a licensee in public practice, such as the CERTIFIED FINANCIAL PLANNER™ Certification Examination or the Certified Management Accountant examination qualify as acceptable continuing education if the modules meet the above requirements.

(e) The credit as an instructor, discussion leader, or speaker will be allowed for any meeting or program provided that the session is one which would meet the continuing education requirements set forth in Section 88(a), Section 88.1, and Section 88.2. The credit allowed an instructor, discussion leader, or a speaker will be on the basis of actual presentation hours, plus up to two additional hours for actual preparation time for each hour taught. The maximum credit for such preparation and teaching will not exceed 50 percent of the renewal period requirement. For repeat presentations, an instructor shall receive no credit unless the instructor can demonstrate that the program content was substantially changed and that such change required significant additional study or research. Credit for licensees attending, not as instructors, discussion leader, or speakers, is limited to the actual meeting time.

(f) Credit may be allowed by the Board for the following activities:

(1) writing published articles and books provided the publisher is not under the control of the licensee.

(2) writing instructional materials for any continuing education program which meets the requirements of Section 88(a), Section 88.1, and Section 88.2,

(3) writing questions for the Uniform Certified Public Accountant Examination.

The maximum credit allowed under this subsection (subsection e) shall not exceed 25 percent of the renewal period requirement.

NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Sections 5027, Business and Professions Code.

HISTORY:

1. Amendment filed 4-12-83; effective thirtieth day thereafter (Register 83, No. 16).

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2. Amendment of subsections (b)(4), (d) and (f) filed 12-17-96; operative 1-1-97 pursuant to Government Code section 11343.4(d) (Register 96, No. 51).
3. Amendment of section and Note filed 5-9-2000; operative 6-8-2000 (Register 2000, No. 19).
4. New subsection (a)(4) and amendment of subsection (c) filed 1-23-2004; operative 1-23-2004 pursuant to Government Code section 11343.4 (Register 2004, No. 4).
5. Change without regulatory effect filed 9-2-2004; operative 9-24-2004.
6. New subsection (c) and subsection relettering filed 7-11-2007; operative 8-1-2007 pursuant to Government Code section 11343.4 (Register 2007, No. 28).

Section 88.1. Provider Requirements.

(a) Live Presentation

In order to qualify as acceptable continuing education under Section 88(b) the provider of the live presentation program must:

- (1) Require attendance and retain for a period of six years a record of attendance that accurately assigns the appropriate number of contact hours for participants including those who arrive late or leave early.
- (2) Retain for a period of six years written educational goals and specific learning objectives, as well as a syllabus, which provides a general outline, instructional objectives, and a summary of topics for the course. A copy of the educational goals, learning objectives, and course syllabus shall be made available to the California Board of Accountancy upon request.
- (3) Issue a certificate of completion to each licensee upon satisfactory completion of the course and retain records of licensees receiving certificates of completion for a period of six years. The amount of credit reflected on the certificate of completion shall be calculated in accordance with Section 88.2(a).

(b) Group Internet-Based Program (Webcast)

In order to qualify as acceptable continuing education under Section 88(c), the provider of the Group Internet-Based Program (Webcast) must be in compliance with requirements below by July 1, 2007:

- (1) Require and monitor attendance throughout the program by using attendance-monitoring devices such as polling, questions, or surveys. The program shall include a minimum of two monitoring events each half hour, at least one of which occurs at an irregular interval.
- (2) Have a live instructor while the program is being presented and a feature allowing participants to send questions/comments directly to the instructor and receive answers during the program.
- (3) Retain for a period of six years a record of attendance that accurately assigns the appropriate number of participation hours for participants.
- (4) Retain for a period of six years written educational goals and specific learning objectives, as well as a syllabus, which provides a general outline, instructional objectives,

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and a summary of topics for the course. A copy of the educational goals, learning objectives, and course syllabus shall be made available to the California Board of Accountancy upon request.

(5) Issue a certificate of completion to each licensee upon satisfactory completion of the course. Satisfactory completion shall at a minimum require responding to at least 75 percent of the monitoring events described in Section 88.1(b)(1) during the period for which continuing education credit is being granted. Retain records of licensees receiving certificates of completion for a period of six years. The amount of credit shall be displayed on the certificate of completion and shall be calculated in accordance with Section 88.2(b).

(6) Have a written policy to address rescheduling and the granting of partial credit in the event of a technology failure, and make that policy available to the Board upon request.

(c) Self-Study

In order to qualify as acceptable continuing education under Section 88(c) the sponsor of the self-study course must:

(1) Retain for a period of six years written educational goals and specific learning objectives, as well as a syllabus, which provides a general outline, instructional objectives, and a summary of topics for the course. A copy of the educational goals, learning objectives, and course syllabus shall be made available to the California Board of Accountancy upon request.

(2) Issue a certificate of completion to each licensee upon satisfactory completion of the course and retain records of licensees receiving certificates of completion for a period of six years. The amount of credit shall be displayed on the certificate of completion and shall be calculated in accordance with Section 88.2(c).

NOTE: Authority cited: Section 5027, Business and Professions Code, Reference: Sections 5026 and 5027, Business and Professions Code.

HISTORY:

1. New section filed 5-9-2000; operative 6-8-2000 (Register 2000, No.19).
2. New subsections (b)-(b)(6), subsection relettering and amendment of newly designated subsection (c)(2) filed 7-11-2007; operative 8-1-2007 pursuant to Government Code section 11343.4 (Register 2007, No. 28).

88.2. Program Measurements.

(a) Live Presentation

In order to qualify as acceptable continuing education under Section 88(b) a live presentation program must:

(1) Be measured in 50-minute class hours. A program must be at least one 50-minute class hour in length to be acceptable continuing education. For a program composed of several segments in which individual segments are less than 50 minutes, the sum of the segments, in increments not less than 25 minutes, may be added together to equal a full 50-minute

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class hour. For a program that is longer than one 50-minute class hour, credit shall be granted for additional 25-minute segments (one-half of a 50-minute class hour). Only class hours or the equivalent (and not participant hours devoted to preparation or study time) will be used to measure the hours of continuing education.

(2) Meet the provider requirements for live presentation under Section 88.1(a).

(b) Group Internet-Based Program (Webcast)

In order to qualify as acceptable continuing education under Section 88(c), a Group Internet-Based Program (Webcast) must:

(1) Be measured by actual program length in 50-minute class hours. A program must be at least one 50-minute class hour in length to be acceptable continuing education. For a program composed of several segments, the sum of the segments, in increments not less than 25 minutes, may be added together to equal a full 50-minute class hour. For a program that is longer than one 50-minute class hour, credit shall be granted for additional 25-minute segments (one-half of a 50-minute class hour). Only class hours or the equivalent (and not participant hours devoted to preparation or study time) will be used to measure the hours of continuing education.

(2) Meet the provider requirements for Group Internet-Based Program (Webcast) under Section 88.1(b) by July 1, 2007.

(c) Self-Study

In order to qualify as acceptable continuing education under Section 88(d), any self-study course, whether in electronic or paper text format, must:

(1) Grant continuing education credit equal to the average completion time if the self-study course is designed to use learning methodologies that simulate a classroom learning process by employing significant ongoing interactive feedback to the participant regarding his or her learning progress. These courses clearly define lesson objectives and manage the participant through the learning process by (A) requiring frequent participant response to questions that test for understanding of the material presented, (B) provide evaluated feedback to incorrectly answered questions, and (C) reinforcement feedback to correctly answered questions. Evaluated feedback means a response specific to each incorrect answer to the study questions that explains why the particular answer is wrong, as each one is likely to be wrong for a different reason. Reinforcement feedback means a response to the correct answer of the study questions that restates and explains why the answer selected was correct.

(2) Require a passing score on a test given at the conclusion of the course.

(3) Meet the provider requirements for self-study under Section 88.1(c).

NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Sections 5026 and 5027, Business and Professions Code.

HISTORY:

1. New section filed 5-9-2000; operative 6-8-2000 (Register 2000, No. 19).
2. Amendment filed 1-23-2004; operative 1-23-2004.

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3. Amendment filed 7-11-2007; operative 8-1-2007 pursuant to Government Code section 11343.4 (Register 2007, No. 28).

Section 89. Control and Reporting.

(a) Upon renewal, a licensee who is required, pursuant to Section 87, to obtain continuing education must provide a written statement, signed under penalty of perjury, certifying that the requisite number of continuing education hours has been obtained. The licensee shall disclose the following information concerning courses or programs claimed as qualifying continuing education:

- (1) Course title or description
- (2) Date of completion
- (3) Name of school, firm or organization providing the course or program
- (4) Method of study, i.e., whether course or program is self-study, live presentation or Group Internet-Based Program (Webcast)
- (5) Numbers of hours earned.

(b) If credit is claimed for completing the eight hour professional conduct and ethics course specified in Section 87.7, a licensee shall obtain and retain for six years after renewal of his or her license, a certificate of completion or its equivalent disclosing the following information:

- (1) Name of licensee
- (2) Course title
- (3) Board-issued approval number for the professional conduct and ethics course completed by the licensee
- (4) School, firm or organization providing the course
- (5) Date of completion.

(c) If continuing education credit for attending a continuing education course is claimed, the licensee shall obtain and retain for four years after renewal a certificate of completion or its equivalent disclosing the following information:

- (1) Name of licensee in attendance
- (2) School, firm or organization conducting course
- (3) Location of course attended
- (4) Title of course or description of content
- (5) Dates of attendance except when the licensee attended a course for academic credit given by a college, university, or other institution of higher learning accredited by an association recognized by the Secretary of the United States Department of Education, in which case the applicant may provide evidence of a grade of pass or "credit" to satisfy this requirement.
- (6) Number of hours of actual attendance except when the licensee attended a course for academic credit given by a college, university, or other institution of higher learning accredited by an association recognized by the Secretary of the United States Department of

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Education, in which case the applicant may provide evidence of a grade of pass or “credit” to satisfy this requirement.

(d) If continuing education credit is claimed for completing a self-study course, the licensee shall obtain and retain for four years after renewal a certificate of completion or its equivalent disclosing the following information:

- (1) Name of licensee taking the course
- (2) School, firm, or organization providing the course
- (3) Title of course or description of contents
- (4) Date of completion
- (5) Number of hours of continued education credit granted for completing the course.

(e) If credit as an instructor, discussion leader, or speaker is claimed, the licensee shall retain for four years after renewal the following information:

- (1) School, firm or organization providing course
- (2) Location of course presented
- (3) Title of the course or description of content
- (4) Course outline
- (5) Dates and evidence of presentation
- (6) Number of hours of actual preparation time and presentation time.

(f) If credit is claimed for writing continuing education instructional materials, the following information shall be maintained for four years after renewal:

- (1) Name of the course provider or publisher
- (2) Title of the course and a description of the instructional materials
- (3) Date of completion of the instructional materials or publication date
- (4) A copy of the instructional materials
- (5) Hours claimed.

(g) If credit for published articles and books is claimed, the following information shall be maintained for four years after renewal:

- (1) Name and address of publisher
- (2) Title of publication
- (3) Brief description
- (4) Date(s) of publication
- (5) Copy of publication
- (6) Hours claimed.

(h) If credit for writing questions for the Uniform CPA Examination is claimed, the licensee shall obtain and retain for four years after renewal a letter or other statement from the American Institute of Certified Public Accountants documenting the licensee's participation and the number of hours of continuing education credit the licensee has received.

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(i) The Board will solicit and verify such information on a test basis. If a licensee is found to have a deficiency, the licensee shall be so notified. Upon request, the licensee may be granted a reasonable period of time in which to correct the deficiency.

(j) A licensee who is determined by the Board at renewal not to have completed the required number of hours of qualifying continuing education shall be required to make up any deficiency. A licensee who is required to make up a deficiency shall be ineligible for active status license renewal or conversion to active status pursuant to Section 87.1 until such time as documentation to support the required hours of continuing education for license renewal has been submitted and approved by the Board.

(k) A licensee's willful making of any false or misleading statement, in writing, regarding his or her continuing education shall constitute cause for disciplinary action pursuant to section 5100(g) of the Accountancy Act.

NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Section 5027, Business and Professions Code.

HISTORY:

1. Amendment filed 12-24-75; effective thirtieth day thereafter (Register 75, No. 52).
2. Amendment filed 4-12-83; effective thirtieth day thereafter (Register 83, No. 16).
3. Amendment of subsections (a) and (b) and new subsections (c) and (d) filed 12-10-90; operative 1-9-91 (Register 91, No. 3).
4. Amendment filed 11-30-93; operative 12-30-93 (Register 93, No. 49).
5. New subsection (f) and subsection relettering filed 3-28-96; operative 7-1-96 (register 96, No. 13).
6. Editorial correction of subsection (a) (Register 97, No. 25).
7. Amendment of subsection (f) filed 6-16-97; operative 6-30-97 pursuant to Government Code section 11343.4(d) (Register 97, No. 25).
8. Amendment filed 5-9-2000; operative 6-8-2000 (Register 2000, No. 19).
9. Change without regulatory effect amending subsection (k) filed 11-15-2005 pursuant to section 100, title 1, California Code of Regulations (Register 2005, No. 46).
10. Amendment of subsections (a)(4) and (d) filed 7-11-2007; operative 8-1-2007 pursuant to Government Code section 11343.4 (Register 2007, No. 28).

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Section 89.1. Review of Financial Statements.

(a) For purposes of monitoring and promoting compliance with applicable accounting principles and reporting standards, the Report Quality Monitoring Committee may require licensees, selected on the basis of a statistical sampling or upon referral from another committee of the Board, to supply copies of selected financial reports they have issued during the previous two years. This requirement applies to any licensee who had primary responsibility for, and authority to sign, at least one financial report that was issued the previous two years. The financial report or reports to be submitted shall be selected by the responding licensee and shall reflect the highest level of service rendered by such licensee during the period.

For purposes of this regulation, financial report shall mean

- (1) the licensee's report issued as the result of an engagement covered by generally accepted auditing standards or government auditing standards (audit), or standards for accounting and review services (compilation or review), or attestation standards (attest engagements),
- (2) accompanying financial statements or other client assertion,
- (3) accompanying footnotes, and
- (4) supplementary financial data, if any.

(b) Willful failure or refusal of a licensee to comply with the Board's written request for a copy of financial report(s), within 30 calendar days of the licensee's receipt of that request, constitutes a violation of Section 5100(g) of the Accountancy Act.

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code. Reference: Sections 5010 and 5018, Business and Professions Code.

HISTORY:

1. New section filed 6-5-87; operative 7-5-87 (Register 87, No. 24).
2. Amendment of subsection (a) and Note filed 11-17-93; operative 12-17-93 (Register 93, No. 47).
3. Amendment of section heading and subsection (a) and new subsections (a)(1)-(4) filed 7-22-99; operative 8-21-99 (Register 99, No. 30).
4. Change without regulatory effect amending subsection (a) filed 9-19-2001 pursuant to section 100, title 1, California Code of Regulations (Register 2001, No. 38).
5. Amendment of subsection (a) filed 2-18-2003; operative 3-20-2003 (Register 2003, No. 8).
6. Change without regulatory effect amending subsection (b) filed 11-15-2005 pursuant to section 100, title 1, California Code of Regulations (Register 2005, No. 46).

Section 90. Exceptions and Extensions.

(a) A renewal applicant may be granted either an extension of time to complete continuing education requirements or an exception from continuing education requirements. Extensions or exceptions may be granted by the Board for the following causes:

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(1) Reasons of health, certified by a medical doctor, which prevent compliance by the licensee;

(2) Service of the licensee on extended active duty with the Armed Forces of the United States;

(3) Other good cause.

(b) No extension or exception shall be made solely because of age.

(c) Willful failure of a licensee to complete applicable continuing education within a specified extension of time shall constitute cause for disciplinary action pursuant to section 5100 (g) of the Accountancy Act.

(d) A renewal applicant who has met the requirement of Section 87 (a) and becomes subject to continuing education pursuant to Section 87(b), (c), or (d) during the last 6 months of a two-year license renewal period shall be granted, upon request, an extension of time of up to 6 months in which to complete the continuing education required by Section 87 (b), (c), or (d). Continuing education completed pursuant to this extension shall be part of the 80 hours of continuing education required under Section 87(a) for the next two-year renewal period. However, it shall not be part of the 24 hours of continuing education required under Section 87(b) or (c) or the 8 hours of continuing education required under Section 87(d) for the next two-year renewal period.

NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Sections 5028 and 5100 (g), Business and Professions Code.

HISTORY:

1. Amendment filed 4-12-83; effective thirtieth day thereafter (Register 83, No. 16).
2. Amendment renumbering subsections (a), (b), and (d) to (a)(1), (2) and (4) and new subsections (a) and (c) filed 6-27-90; operative 7-27-90 (Register 90, No. 35).
3. Amendment operative January 1, 1997.
4. Amendment of subsection (a) and Note filed 12-17-96; operative 1-1-97 (Register 96, No. 51).
5. Repealer and new subsection (d) filed 6-17-98; operative 7-1-98 (Register 98, No. 25).
6. Amendment of subsections (c)-(d) and amendment of Note filed 7-19-2004; operative 8-18-2004 (Register 2004, No. 30).

Section 93. Unexpired Licenses.

Permits issued under these rules expire at 12 midnight on the last day of the birth month of an odd numbered year if the licensee was born in an odd numbered year or of an even numbered year if the licensee was born in an even numbered year. Permit renewal is the responsibility of the licensee. To renew an unexpired permit, a certificate holder or registrant shall, before the time at which the permit would otherwise expire, apply for renewal on a form prescribed by the board, pay the renewal fee prescribed and give evidence to the board that

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the continuing education provisions of these regulations have been complied with. Renewal of an unexpired permit shall continue the permit in effect for the two-year renewal cycle ending in the licensee's birth month unless otherwise provided for in these regulations or the California Accountancy Act.

NOTE: Authority cited: Section 5010, Business and Professions Code. Reference: Sections 152.6, 5070.5 and 5134, Business and Professions Code.

HISTORY:

1. Amendment filed 6-1-79; designated effective 7-1-79 (Register 79, No. 22).
2. Amendment filed 4-12-83; effective thirtieth day thereafter (Register 83, No. 16).

Section 94. Failure to Comply.

Failure to comply with these continuing education rules by a licensee engaged in public practice, as defined in Business and Professions Code Section 5051, constitutes cause for disciplinary action under Section 5100.

NOTE: Authority cited: Sections 5018 and 5027, Business and Professions Code. Reference: Sections 5026 and 5100, Business and Professions Code.

HISTORY:

1. New section filed 4-12-83; effective thirtieth day thereafter (Register 83, No. 16).